

House Vote to Target Contractor Fraud

By ANNE FLAHERTY

WASHINGTON (AP) — Congress is moving to crack down on fraud associated with wartime contracts, with the House on track to pass legislation on Tuesday that would make it easier to convict companies working abroad.

The bill, sponsored by Rep. Neil Abercrombie, would create a new federal criminal statute banning contracting abuse associated with military operations and reconstruction efforts. It also would ensure federal courts have jurisdiction in all cases, closing what Abercrombie says is a loophole in existing law that has let many contractors off the hook.

"The problem is that the U.S. occupation of Iraq has been viewed by some as 'open season' on the American taxpayer," said Abercrombie, D-Hawaii.

A similar measure by Sen. Patrick Leahy, D-Vt., was approved in April by the Senate Judiciary Committee. A spokesman for Leahy said Republican objections have prevented it from getting a quick floor vote.

The proposal is the latest attempt by Democrats to pass legislation that both attracts enough Republican votes to pass and highlights management problems associated with the war. Still lacking a veto-proof majority to force troops home, Democrats have decided to delay debate on President Bush's war spending request until early next year.

Last week, the House voted 389-30 on legislation by Rep. David Price, D-N.C., that would extend the criminal jurisdiction of U.S. courts to any federal contractor working alongside military operations.

Federal officials say fraud committed by government contractors in Iraq is a problem but isn't as severe as some critics have suggested.

Stuart W. Bowen Jr., the inspector general for Iraq reconstruction, told Congress this summer that losses to American taxpayers will likely amount to "relatively small components of the overall investments in Iraq, totaling in the tens of millions" of dollars and not in the "hundreds of millions or billions as is sometimes imagined."

Still, Bowen, Democrats and many Republicans say more controls are needed on the money spent to rebuild Iraq and that the Justice Department should move more aggressively in prosecuting fraud cases.

Sen. Arlen Specter, R-Pa., who co-sponsored the Leahy bill, said during a spring hearing on the issue that heavy fines against contractors simply amounted to "an inexpensive license to cheat the taxpayers."

The House bill also outlines specific penalties for contractors convicted of abuse.

Deliberately defrauding the United States, by overstating the value of a good or service for example, could result in a jail term of up to 20 years. Concealing information or presenting false statements or documents related to wartime contracts can result in a fine of \$1 million or twice the amount of money received in the scheme, whichever penalty is greater.